

What is the American Clean Energy and Security Act?

HR 2454, The American Clean Energy and Security Act, is legislation that will get our country running on clean energy. The bill passed the House and is now being considered in the Senate.

Rising gas prices, utility bills, and the environmental and national security consequences of our reliance on foreign oil are all major reasons our current energy policy needs to change.

This legislation has the potential to make America a leader in clean energy innovation and create jobs through incentivizing the development of clean energy.

The Political Economy Research Institute at the University of Massachusetts, Amherst did a study of Illinois potential for clean energy jobs and found Illinois could see a net increase of almost 70,000 jobs based on the state's share of annual investments of clean energy. They also found that Illinois could see an increase of \$6.6 billion in investment revenue in the clean-energy sector. [You can read the study here.](#)

The Blue Green Alliance - a coalition of labor and environmental organizations, recently issued job estimates in association with REPP (Renewable Energy Policy Project). They found Illinois has high potential for job growth in the top clean energy industries:

- **Illinois ranks #3** in the top ten states for potential **renewable manufacturing** jobs (estimated 57,000 jobs).

- **Illinois ranks #2** in the top five state for potential **wind manufacturing** jobs (estimated 30,000 jobs).
- **Illinois ranks #3** in the top five states for potential **solar cell manufacturing** jobs (estimated 19,000 jobs).
- **Will** and **Kankakee** Counties are #7 and #8, respectively, in the top twenty counties for potential jobs and clean energy investment dollars.

You can read more about estimates for Illinois [here](#) and see county breakouts [here](#) .

How does the bill work?

Under this legislation, polluters are incentivized to reduce dangerous emissions and move to clean, domestically produced energy.

Consumers will receive refunds to lower their utility bills and energy intensive industries will receive offsets in the form of credit allowances to protect jobs. Investments will be made in renewable energy sources and energy efficient technology to assist energy intensive industries reduce their emissions. Total emissions are gradually capped, so that we can be sure the total amount of pollution going into our atmosphere will decrease and increase our use of clean, domestically produced energy.

Has the cap and trade sytem worked before?

Yes. In the 1990s, the Clean Air Act used a similar emissions limiting program to successfully curb acid rain. Opponents of this legislation said that this would lead to higher electricity rates and fewer jobs, but the opposite actually happened. Instead of rising, consumers' electricity rates declined by an average of 19 percent from 1990-2006, and America created more than 20 million jobs from 1993-2000 as the economy grew by 64 percent. The Economist Magazine called this program "probably the greatest green success story of the past decade" (July 6, 2002). You can learn more about this past example [here](#).

How will the American Clean Energy and Security Act affect consumers?

Under this legislation, consumers are protected from increased costs. According to the non-partisan Congressional Budget Office analysis of this legislation, the estimated cost is approximately \$15 per month per household ([CBO](#)). This figure doesn't include an estimated savings of over \$1,000 per household by 2020 generated by energy efficiency savings from appliances and other upgrades to homes

([ACEEE](#))

This bill will have additional direct and indirect benefits for consumers. Local utility companies are required to pass on savings directly to consumers. The bill contains tax credits for the purchase of energy-saving appliances and energy efficient home upgrades. Such retrofits could reduce living costs by four percent. Furthermore, our national security will be enhanced because we will be less reliant on foreign oil.

Will the American Clean Energy and Security Act make my utility bills skyrocket?

In order to make sure Americans do not see a spike in their electricity costs, this bill has provisions to protect consumers. Local distribution companies are required to use free allowances distributed to them under the system for the benefit of their customers and that cannot be used for anything other than reducing costs for ratepayers. Over 40,000 families in the district could expect to see lower utility costs than they do today through a rebate program

for low-income families included in the bill.

The non-partisan Congressional Budget Office estimates that costs in 2020 would average \$175 per household and that those households in the lowest 20% by income would actually receive a net benefit of \$40 per year. The CBO incorporates all of the provisions of the bill in making its determinations. You can read the estimate online [here](#).

I've heard I'll need to get my home "energy audited." Is this true?

This bill does not create a federal energy audit requirement for homes or property.

This bill exempts existing homes and building from any federal guidelines for new construction energy efficiency information labels, prohibits the implementation of any labeling during a sales transaction, leaves the decision to states as to whether to require energy audits or disclosures for new homes, and provides property owners with significant financial incentives. Furthermore, the bill includes matching grants and tools to help homeowners make property improvements and reduce their energy bills. The bill also prohibits the Environmental Protection Agency from regulating residential and commercial buildings.

Is this an energy tax on consumers and business?

This is not true. There are costs associated with this bill because of the transition from dirty energy to clean energy - however, these costs are offset with rebates and allowances to the consumers and businesses that are affected.

These savings are going to come from energy efficient appliances like better heaters, air conditioners, and better home insulation and design practices. Detailed information about the estimated household savings because of this bill is located [here](#).

Additionally, the cap and trade system specifically provides allowances to help guarantee that the legislation remains budget neutral.

How does this legislation affect small business and manufacturing?

Most small businesses are not under an emissions limit in this bill and are not directly affected.

However, for high emissions industries, those businesses under the emissions limit are eligible to receive free allocations to offset price spikes - especially for energy intensive and trade exposed industries.

This legislation will strengthen U.S. global competitiveness, helping America become the world leader in new energy technologies, and prevent American job losses to other countries. Reducing our carbon emissions will create good jobs manufacturing clean energy technologies, weatherizing and updating new energy efficient buildings, and making thousands of other products in America. A single wind turbine contains up to 400 tons of steel, along with 8,000 parts, from copper wire, gearboxes, and ball bearings to electronic controls. Jobs making these components must be created here in America. The clean energy jobs plan includes critical protection measures for American workers and businesses to prevent the shifting of jobs and pollution to other countries. To learn more about the types of jobs and job-growth potential for Illinois in this bill, click [here](#).

In order to help manufacturing, the bill will establish a \$30 billion Manufacturing Revolving Fund where states will receive grants to establish loan funds to assist firms in retooling, expanding or establishing clean energy operations and energy efficiency. It also establishes a clean energy investment fund and encourages investment in new clean energy technology to provide market security and access to investors in new domestic clean energy products and technologies to help circumvent the risk that lenders perceive in new and unfamiliar technologies.

How does the American Clean Energy and Security Act affect agriculture?

The agriculture and forestry sectors are exempt from the greenhouse gas emission reduction requirements in this bill. Farmers and others in rural communities will be able to generate new income through emissions reduction programs and an enhanced role for biofuels.

Through special tilling practices, methane digesters, and other projects approved by the USDA (US Department of Agriculture), farmers will be able to earn credits for their assistance in reducing emissions of green house gases. This bill also makes sure the USDA is handling offsets and regulation of farming.

Early actors who have previously participated in voluntary offset programs like those on the Chicago Climate Exchange will be eligible to participate and earn offset credits for activities they have started previously, with continuing benefits.

Are the agriculture and forestry sectors only exempt from the cap in this bill for 5 years?

No. The agriculture and forestry sectors are exempt and there is no sunset for these sectors in this bill.